

# Downtown Meriden

## Transit Oriented District (TOD)



Market Assessment Presentation  
June 15, 2017



# Market Analysis

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Program Support for TOD Real Estate  
Office, MF Housing, Retail, Tourism

# GOALS AND OBJECTIVES

## Objective:

- The project objective is to increase private commercial, retail, and arts activities in the TOD District including manufacturing/artisan space as options for the mixed use buildings in the downtown.

## Goal:

- The **goal** of the market assessment is to leverage the new commuter rail service and use this to assist in programming a feasible plan that has real estate market support for the TOD zoning district.



# SCOPE AND APPROACH



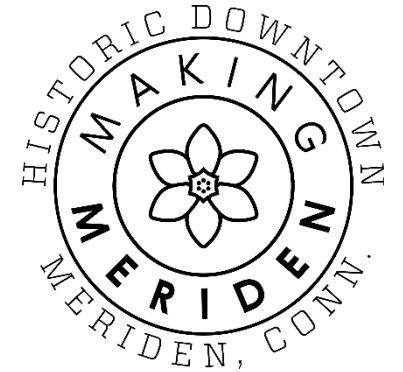
- **Market assessment and economic analysis**
- Focusing on:
  - 7500 SF commercial @161-177 State Street (mixed use by Pennrose and Meriden HA)
  - 20,000 SF commercial @ 1-77 State Street (Pennrose and Cloud Company)
  - 11,000 SF commercial @ 24 Colony Street (Westmount Development )
  - 6000 SF commercial @ 21 Colony
- Market assessment uses analyzed:
  - Retail with a focus on mixed-use concepts
  - Commercial space market potential
  - Other uses that support commercial and retail, live-work, incubator, and artisan

# MERIDEN TOD: SUMMARY OF FINDINGS

***Shortage of market rate housing inventory to attract the primary workforce (Millennials and young college graduates);***

***Need for a business attraction/event component to generate more downtown Meriden business attraction especially to support artisans and commuters:***

- **Economics:** Regional leisure and hospitality growth suggests focusing and capturing this audience using the creative economy, and vintage downtown buildings as co-working and marker space
- **Demographics:** The local and regional population is low growth, more urban and racially and culturally diverse than the surrounding market which offers tapestry opportunities but also has wealth challenges that the region cannot relate



The crafts, the arts, merging the arts and housing to create attraction, leverage the creative economy

# MERIDEN TOD: SUMMARY OF FINDINGS

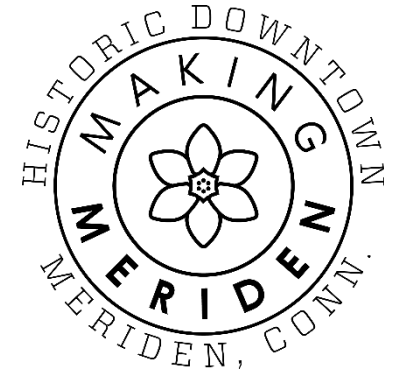
***A significant shortage of market rate housing inventory .... However, the TOD zoning code will ensure that future development is limited to 33% affordable.***

- **MF Housing:** There are 577 new units proposed, funded or in early lease up, most are low income to affordable, there is a market for at **least additional 100 new units at \$400 per month** over the HUD limits or at \$1800 per month—
- Market rate units are needed to increase the downtown retail spending and support more services, shops and restaurants. An estimated 400 units more are supportable at market to above market rates in the next 5 to 10 years.
- **Retail:** At this time, only the retail that has been proposed in the projects currently under construction or planned has or approximately 44,000 SF.
- Retail development comes after new residential occupancy = downtown amenities, hip, and distinctively local @67,000 and 131,000 SF long term once planned projects are tenanted and a program of events and attractions have been established

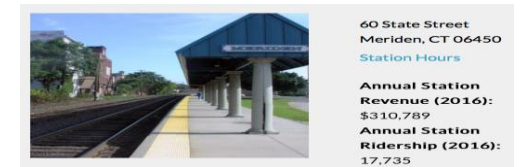


**Lucky Labrador Brewing Company in Portland = Millennial targeting pub near transit in a hip downtown or emerging downtown**

# MERIDEN TOD: SUMMARY OF FINDINGS



***Currently, limited ridership both on and off at the rail station primarily due to limited frequency of services. However, the increased development in downtown and increase in rail frequency will increase ridership:***



Source:  
Greatamericanstations.com

- **TOD station retail:** Given the limited ridership, there is less than 400 SF of retail directly related to ridership that is supportable. By 2030, then the future ridership can support 3400 sf.
- **Live work:** The demand for new affordable housing is deep enough to include artist live work, estimated in the range of 20 to 40 units in the affordable range.
- **Co-working:** Complements artisans and new economy in an old and distinctive building at street level on Colony or Main. This is estimated to be the limit of “office” space demand at 3500sf.
- **Office and industrial:** There are currently low rents and high vacancies--no additional demand at this time. Focus on co-working space.

# MERIDEN TOD: SUMMARY OF FINDINGS

## CO-WORKING SPACE

### *Needs to be:*

- Downtown
- Hip or gritty/hip
- Historic renovation
- Coffee and nibbles
- Membership based
- Secure
- High speed internet
- Social



Amherst Works—recent new build and viable co-working project



**Making Meriden**—potential symbol and theme for innovation, start-up and co-working space that could attract businesses to downtown and the TOD district developed by the BL Companies team



# MERIDEN TOD: ECONOMICS OF TOD DEVELOPMENT



# MERIDEN TOD: ECONOMICS OF TOD DEVELOPMENT

## *Assets and issues supporting development are linked to business targeting and development*

- In terms of assets, Meriden has many to advertise
  - New low income and affordable housing
  - Historic fabric of buildings
  - New Meriden Green park
  - Half-way between Hartford and New Haven on the NHHS rail line
  - Access to New Haven Health Care concentration jobs—fastest growing state sectors
  - History of metal crafts and manufacturing-new creative economy
  - Gritty and affordable
- **Win-win: Potential to offer better, more affordable housing with superior services, downtown amenities, access to good healthcare, transit and a new interesting and evolving urban center**



Meriden Green park



24 Colony new rental apartments

# MERIDEN TOD: ECONOMICS OF TOD DEVELOPMENT

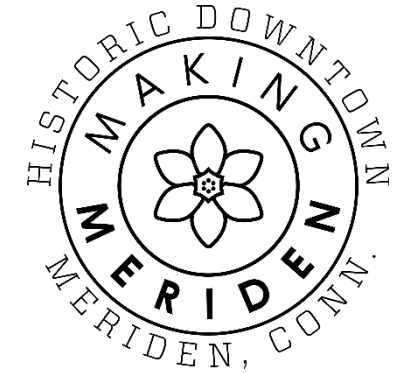


67 colleges/universities within 40 miles of Meriden- 5 within 10 miles

- **Business targeting and development are linked to an educated and skilled workforce.**
- **Education fuels economic development and supports neighborhood redevelopment.**
- **While there are many institutions accessible to Meriden, it may take an augmented downtown presence to tip the balance of re-skilling and attracting new business.**

Universities and Colleges		
Name	Distance	Enrolments
Middlesex COO	7 miles	12000
Wesleyan University	7.5	3200
Central CT State University	10	12000
Charter Oak State College	10.6	2600
Yale University	22	12300
Quinnipiac University	21	9600
Gateway Community College	25	7900

# MERIDEN TOD: ECONOMIC AND BUSINESS TARGETING SUMMARY CLOSING THE GAP



## Current state:

Strong untapped artisan/maker community—especially related to historic silver smithing  
Perception of crime  
Downtown lacks significant retail attraction

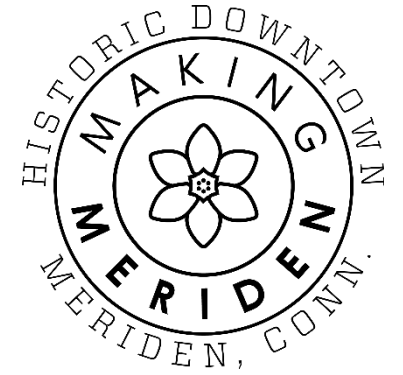
## How to Close the Gap?

Housing and marketing towards craft community  
Live work and market rate housing  
Business targeting plan  
Events and marketplaces

# Closing the Gap

Growth in artisan/maker community  
Significant activity related to events and arts  
Augmented economic base

# MERIDEN TOD: DEMOGRAPHICS OF DEVELOPMENT



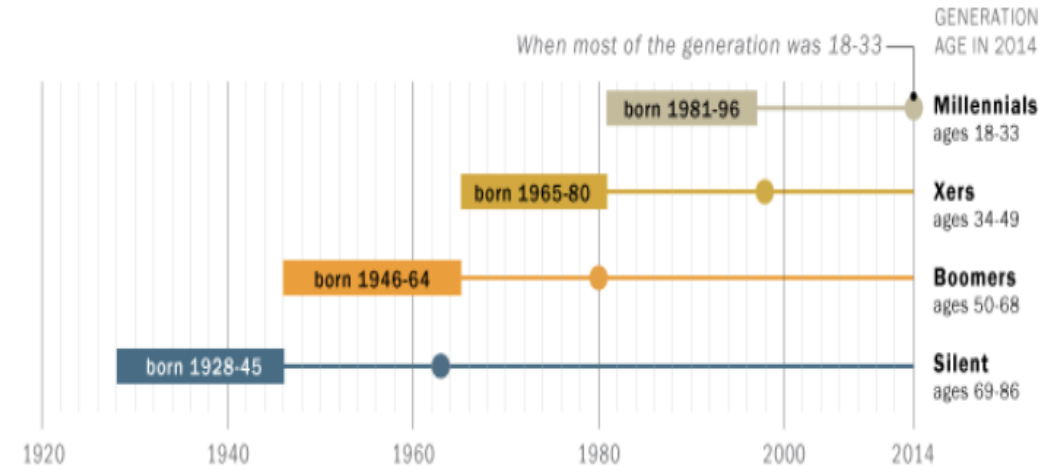
# MERIDEN TOD: DEMOGRAPHICS OF DEVELOPMENT

***Overall, a shortage of Multi-family housing targeted to Millennials and young college grads = additional opportunity for Meriden, especially as ridership and the schedules increase for the Hartford rail line:***

- Millennials outnumber Boomers nationwide as of 2017
- Millennial income=average \$76K per year



The Generations Defined



Millennials Defined by Pewsocialtrends.org

# MERIDEN TOD: DEMOGRAPHICS OF DEVELOPMENT



***Meriden’s older housing stock indicates a market that is ripe for new housing that can also encourage more origination commuter TOD activity.***

- Older age of housing suggest needs for new build
- Clearly rental is the national trend and fits local trends
- Public transportation usage is still low and clearly needs a more frequent schedule to encourage ridership

	5 min travel time from TOD	15 travel time	30 minute travel time	60 Minutes of 50 Main Street	USA
Meriden Demographics occupation classification					
blue collar	27%	18%	18%	17%	NAP
white collar	50%	65%	63%	64%	NAP
Transportation to work					
drove alone	78%	84%	79%	79%	
public transportation	2%	1%	4%	4%	
other (includes walk, bike and car pool)	20%	15%	17%	17%	
Transportation findings (average travel time 25 min)	<i>journey to work needs further investigation as most drive alone</i>				27 minutes
Housing					
Owner occupied	43%	68%	61%	67%	70%
renter occupied	57%	32%	39%	33%	30%
Meriden Demographics					
Housing findings	<i>urban dwellers more likely to rent and linked to occupation and income</i>				
Housing type and value	\$ 172,000	\$ 249,000	\$ 236,000	\$ 267,000	\$ 260,000
1 unit detached	33%	56%	51%	59%	55%
2 units	20%	8%	9%	8%	
3 to 49 units	34%	23%	28%	22%	
over 50 units	9%	5%	7%	5%	
Built since 2010	3%	8%	6%	2%	
built before 1939	45%	19%	25%	23%	16%
average year built	1948	1969	1962	1,964	1970
Housing Findings	<i>most urban dwellers live in building with 3 to 50 units and were built before 1948, therefore much older and more dense than outside urban area.</i>				

# MERIDEN TOD: DEMOGRAPHIC SUMMARY



**Current state:**  
Minimal transit usage  
Significant retail downtown vacancies  
Imbalance of affordable housing  
Beginnings of an artisan community

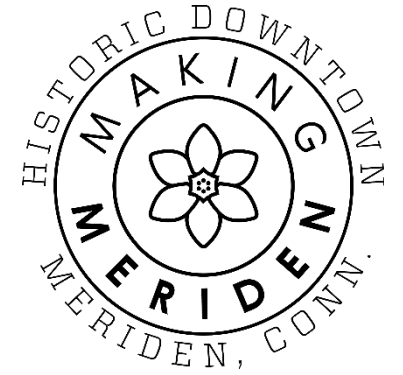
**How to Close the Gap?**  
Targeted wider income for MF housing  
Magnify local crafts and the new economy to increase tourism  
Concentrated development offsetting crime  
Events/programming to bring in retail traffic

**Closing the Gap**

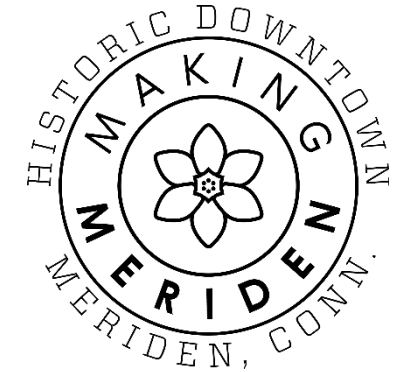
**New Targeted housing  
Retail supported by housing and visitation**



# MERIDEN TOD: DEMOGRAPHICS OF RETAIL DEVELOPMENT



# MERIDEN TOD: DEMOGRAPHICS OF RETAIL DEVELOPMENT

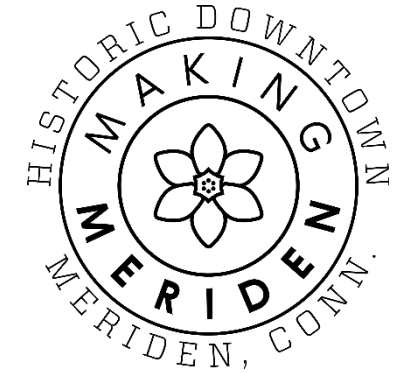


***Based on spending power and capture, downtown Meriden can support the proposed square footage in the new housing developments, but only once the projects are occupied. (44,000 SF)***

***Long term, it is estimated that the downtown can support up to 100,000 SF of retail. The issue is that there is an estimated 100,000 vacant currently.***

RETAIL DEMOGRAPHICS						
source; Nielsen Clarita's Dec 2016 Pop facts	Proposed housing projects Meriden	5 min drive time	15 min drive time	30 min drive time	60 mile drive time	
Population	1,443	33,737	214,962	1,407,515	3,712,355	
Prime retail population 35 to 54		5,061	27,945	197,052	445,483	
Households	656	12,189	86,900	551,346	1,417,000	
growth 2016 to 2021	NAP	0.3%	0.7%	0.1%	0.3%	
average HH size	2.20	2.53	2.45	2.47	2.50	
median HHI	\$ 48,275	\$ 41,520	\$ 68,397	\$ 60,744	\$ 67,500	
Effective Buying Income rate(EBI)	0.80	0.80	0.80	0.80	0.81	
EBI per household	\$ 38,620	\$ 33,216	\$ 54,718	\$ 48,595	\$ 54,743	
Total Effective Buying Income	\$ 25,334,960	\$ 404,869,824	\$ 4,754,959,440	\$ 26,792,769,139	\$ 77,570,122,500	
Retail buying rate	51%	50%	51%	51%	51%	
Total Retail Buying Income	\$ 12,920,830	\$ 202,434,912	\$ 2,425,029,314	\$ 13,664,312,261	\$ 39,560,762,475	
retail buying income per HH	\$ 19,696	\$ 16,608	\$ 27,906	\$ 24,784	\$ 27,919	
Estimated sales per square foot (PSF)	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	
Retail Supportable SF	43,069	674,783	8,083,431	45,547,708	131,869,208	
Capture rate	30%	10%	1%	0.2%	0.1%	

# MERIDEN TOD: DEMOGRAPHICS OF RETAIL DEVELOPMENT



## ***Retail Leakage: General oversupply, but some opportunity sectors:***

- 93,000 SF supportable in food and beverage stores including downtown grocery
- 43,000 SF of food and drink, including bar, restaurants and related
- 21,000 SF of home furnishings, which fits in nicely to support residents in the new developments.

RETAIL STORES OPPORTUNITY	DEMAND (EXPENDITURES)	2016 SUPPLY SALES	OPPORTUNITY GAP	5 Min. drive time from Main st	SF SUPPORTABLE @ \$300/SF SALES	DISCUSSION
<b>Total retail sales</b>						
	\$479,526,000	\$550,625,000	\$ (71,099,000)	general oversupply	over supply of inventory in general	overall too much retail within 10 miles
building material and supplies	\$47,174,000	\$19,002,000	\$ 28,172,000	demand	93,907	appropriate???
Food and beverage stores	\$69,927,000	\$41,830,000	\$ 28,097,000	demand	93,657	to support new residents
clothing and related	\$22,935,000	\$69,552,000	\$ (46,617,000)	oversupply	(155,390)	
Department stores	\$23,723,000	\$67,601,000	\$ (43,878,000)	oversupply	(146,260)	
food and drinking places						some limited demand but works in downtown
Home furnishings	\$ 58,032,000	\$ 45,091,000	\$ 12,941,000		43,137	may be too small to be competitive
	\$9,134,000	\$2,831,000	\$ 6,303,000		21,010	
<b>15 Min drive time</b>						
RETAIL STORES OPPORTUNITY	DEMAND (EXPENDITURES)	2016 SUPPLY SALES	OPPORTUNITY GAP	15 Min drive time	SF SUPPORTABLE @ \$300/SF SALES	Discussion
<b>Total retail sales</b>						
	\$4,044,011,900	\$4,447,787,000	\$ (403,775,100)	general oversupply	(1,345,917)	
home furnishing	\$84,158,000	\$46,102,000	\$ 38,056,000	demand	126,853	
food and beverage stores	\$526,764,000	\$ 485,592,000	\$ 41,172,000	significant demand	137,240	
convenience stores as part of food	\$ 22,357,000	\$ 12,303,000	\$ 10,054,000	demand	33,513	
specialty food stores as part of food						works after new residents move in
	\$ 42,694,000	\$ 10,890,000	\$ 31,804,000	significant demand	106,013	
clothing stores	\$ 191,677,000	\$ 224,865,000	\$ (33,188,000)	oversupply	(110,627)	
sporting good						may not reflect recent reorganization in the business
	\$ 63,312,000	\$ 25,787,000	\$ 37,525,000	demand	125,083	
food service and drinking places	\$ 470,132,000	\$ 456,520,000	\$ 13,612,000	some demand	45,373	great for downtown

# MERIDEN TOD: RETAIL DEMOGRAPHIC SUMMARY



## Current state:

Significant retail vacancies  
Retail \$ leakage  
Minimal retail services to residents

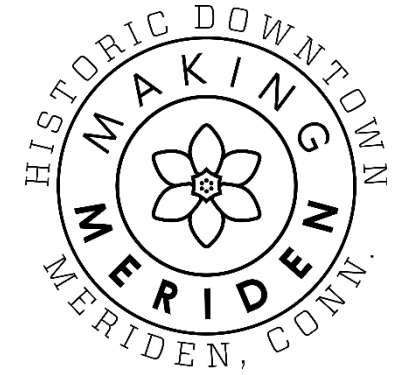
## How to Close the Gap?

Targeted wider income for MF housing  
Magnify local crafts assets to increase tourism  
Streetscape improvements  
Events to create downtown interest

## Closing the Gap

Retail square footage up to 100,000 supportable in mid to long term over existing

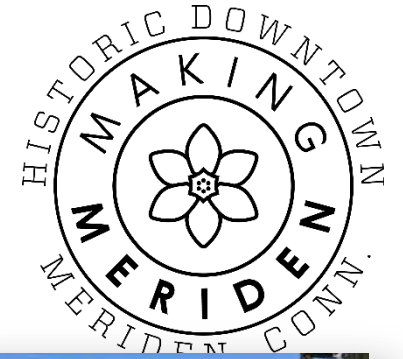
# MERIDEN TOD: REAL ESTATE MARKET FOR DEVELOPMENT



# MERIDEN TOD: RETAIL REAL ESTATE

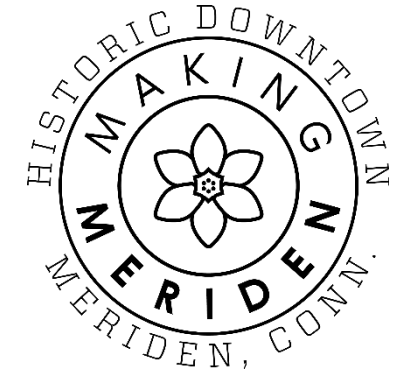
***Trends: Top retail trends are highly bent towards urban retail and online retail, primarily Amazon with target audience shifting from Boomers to Millennial:***

- **Urbanization:** Between 2014 and 2050, urban dwellers will increase from 54% of population to 66% =more downtown retail
- **Millennials are driving Retail:** Millennial population larger than Boomers and for each new Millennial couple there is an increase in \$10K per year in local spending
- **Online:** Millennials like speed /convenience and purchase more on e-commerce than any other group—malls cannot compete—e commerce now 9% of retail sales
- **Urban shopping:** 18% of Millennials shop in urban stores and want a unique experience
- **Pop up Shops:** Short term investment in vacant space, can be seasonally focused and unique



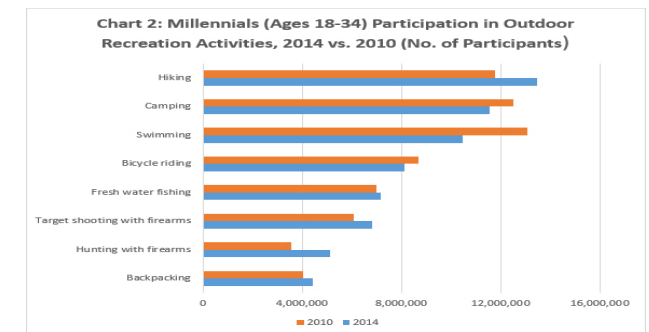
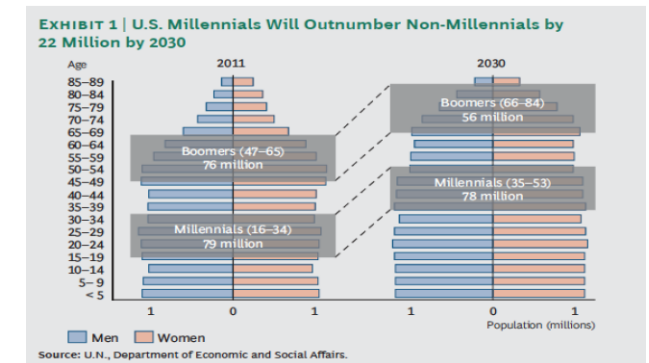
Urban markets create activity downtown

# MERIDEN TOD: RETAIL REAL ESTATE

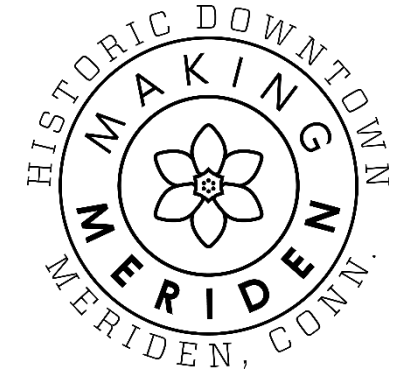


## Who are the retail and housing customers?

- Millennials are moving into prime earning and spending years
- Boomers are aging and beginning to spend less
- Millennials preference for outdoors, health and renting homes vs. owning is critical to targeting
- Millennials tend to be more interested in organic, sustainable
- The Empty Nesters are more convenience oriented, less sustainable but also health conscious



# MERIDEN TOD: RETAIL REAL ESTATE



**Supply: An analysis of the retail supply and availability along corridors just outside the downtown suggest a slightly stronger market and capture of shopper:**

- Retail rental ranges are \$8 to \$20/SF
- Combined with the downtown published data, the overall Meriden market retail vacancies are 17%
- As the distance from the Meriden downtown increases, the ability to capture wealthier shoppers increases

Vacant SF	Total SF								
6300	12200		970 N Colony Rd Wallingford, CT 06492	Wallingford Shopping Center	Community Ctr	2,000 SF Available	1 Space	122,264 SF GLA	\$19 SF/Year
	12200		970 N Colony Rd Wallingford, CT 06492	WALLINGFORD SHOPPING CENTER	Community Ctr	2,000 - 2,200 SF Available	2 Spaces	122,264 SF GLA	\$15-\$19 SF/Year
7000			626-632 E Main St Meriden, CT 06450	Subway Plaza	Street Retail	500 - 1,250 SF Available	2 Spaces	15,000 SF Bldg	\$15.15-\$15.20 SF/Year
			1721 Meriden Waterbury Tpke Plantsville, CT 06479	Meriden Waterbury Retail	Free Std Bldg	4,560 SF Available	1 Space	4,560 SF Bldg	\$14 SF/Year
10000	4500		1163 South Broad Street Wallingford, CT 06492	Z Properties	Super Reg Ctr	2,250 - 4,500 SF Available	3 Spaces	1,350 SF GLA	\$8-\$20 SF/Year
4000	1500		566 West Main St Meriden, CT 06451	Grocery Anchored Plaza in Meriden	Nbrhood Ctr	1,400 - 48,834 SF Available	4 Spaces	168,000 SF GLA	Negotiable Rate
110,540									
Vacant	2000								
	2200	1,005,900	14%	Rental Range		\$3		\$20	
				Median		\$15			

Vacant retail in along major corridors in Meriden sub-market , source: loopnet.com and Reis.com



# MERIDEN TOD: RETAIL REAL ESTATE

***Supply: Abundance of vacant, yet older, retail street front real estate on State, Colony and Main:***

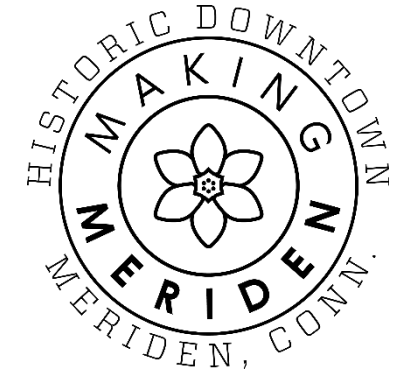
- 76,000 SF is vacant
- Total vacancies are 52% or 69,700 SF
- Most of the projected future retail demand can be absorbed into this space plus the approximately 30,000 SF in the proposed projects under construction.



New downtown development and amenities will be able to improve 24 hours activity and increase the potential for more downtown retail



# MERIDEN TOD: MULTI-FAMILY RESIDENTIAL DEVELOPMENT



**Demand: Generally, Meriden's multi-family inventory has been typically old and lacks amenities. However, the proposed new projects, either under construction or approved under Meriden 2020, include over 577 new units**

Meriden Demographics	5 min travel time from TOD	15 travel time	30 minute travel time	60 Minutes of 50 Main Street	USA
Household income					
Median HHI	\$ 41,520	\$ 68,397	\$ 60,744	\$ 67,500	\$ 53,000
Monthly rent affordable	\$ 1,142	\$ 1,881	\$ 1,670	\$ 1,856	\$ 1,458
estimated capture	3%	1%	0.05%	0.01%	
capture HH	366	435	276	142	
HHI findings	<i>more urban households are poorer</i>				

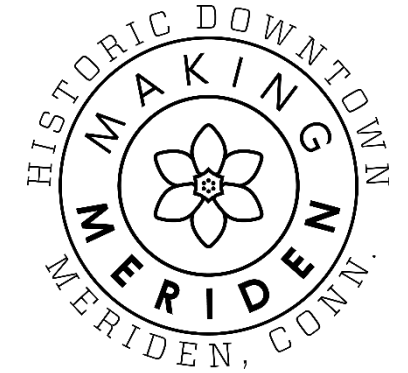
**Summary:**

Target 1 (one) bed rent \$1350 and 2-bed min. rent \$1800

# MERIDEN TOD: OFFICE DEVELOPMENT

**Findings: Office space development is only supportable as co-working space to compliment new housing development and attract businesses and a younger demographic**

- The local Meriden market consists of 100,000SF of corporate office space, of which 75% is vacant; class A corporate office has higher occupancy levels, estimated closer to 30% vacant
- Asking rates are \$13 to \$21/SF
- Median rate is \$16/SF
- The Meriden office market is part of New Haven market
- Market asking rates are \$15/SF to \$25/sf
- Vacancies are 16%
- The New Haven office market is recovering and is primarily supported by the large health care and institutional industry



Vacant	Total space	Asking Rental rates	Location
4,600	4600	\$ 25.00	N. Turnpike Rd, Wallingford
900,000	1,042,000	NAV	5 Research Parkway, Wallingford--Bristol Myers
22,700	26,000	\$ 19.00	Tower Drive, Wallingford, modern
11,000	32,000	NAV	638 Research parkway
80,000	51,000	\$ 19.60	321 Research pky, Meriden
2,900	16,000	\$ 15.00	1 Prestige Drive, Mexican
3,000	31,000	\$ 12.00	300 Church Street, Wallingford
1,200	300	\$ 18.00	1140 E Main, Meriden
<u>3,000</u>	<u>16,000</u>	<u>\$ 15.00</u>	130 Research Pky, Meriden
1,028,400	1,218,900	84%	

Source: Colliers Office New Haven

# MERIDEN TOD: TRANSIT RETAIL DEVELOPMENT



## Meriden as a TOD Origination?

- Current ridership is 49 = 356 SF Retail supportable
- Projected ridership is up to 400 persons by 2030 which could support over 3400 SF of retail
- However, 18 trains per weekday are scheduled for late 2018



60 State Street  
Meriden, CT 06450  
[Station Hours](#)  
**Annual Station Revenue (2016):**  
\$310,789  
**Annual Station Ridership (2016):**  
17,735

Mode	cost	times to new haven	time travel
Amtrak	\$8	7 am, 8 am, 4 pm, 5 pm, 8 pm	25 min
thruway bus	\$8	738 am, 1122 am	57 minutes

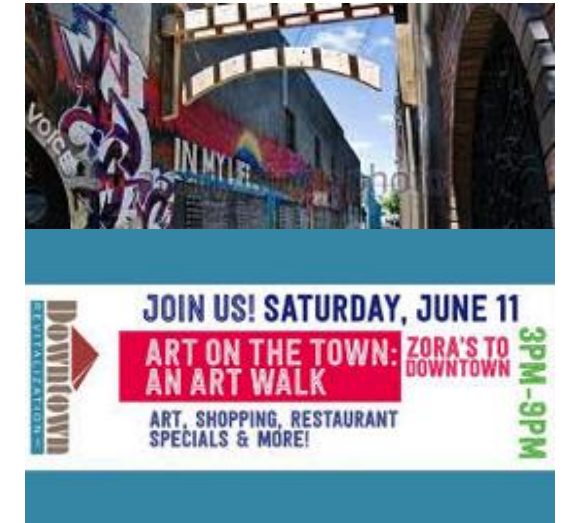
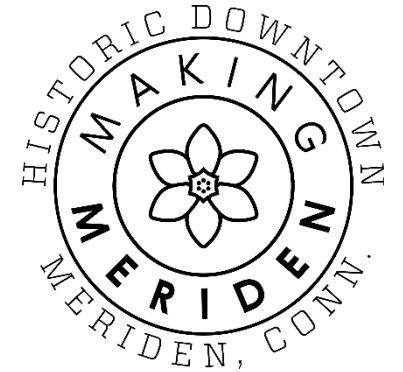
spending per rider	retail spending	retail SF supportable	daily riders	Source
\$ 5.00	\$ 88,875	356	49	ConnDOT ridership projected
\$ 10.00	\$ 1,040,000	3467	400	

# MERIDEN TOD: ASSETS AND ISSUES FOR DEVELOPMENT

*Issues can be Opportunities not yet tapped: Non- real estate development issues need to be addressed ...including the addition of events and activities that create downtown interest by targeting visitors and potential future residents:*

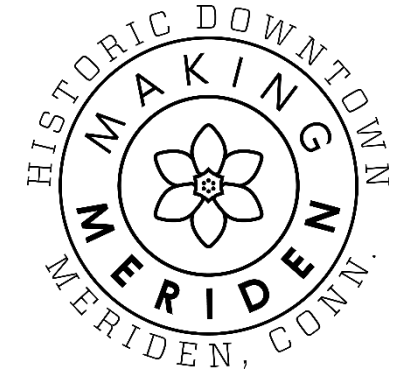
## Arts and Events

- ✦ The key=new downtown residents and visitors
- ✦ Visitors need something unique and exciting to visit and spend money on a regular basis
- ✦ Artists are more likely to enter and live in a marginal downtown that others but they need the visitors to support their craft
- ✦ The events and art program is probably the most important new initiative to creating new support for retail and attracting a wider income basis of residents
- ✦ More diversified residential base will support more long term retail, create a safe environment for new businesses, both with a significant ripple effect
- ✦ Integrate new branding into EVERYTHING



Events are not permanent but less expensive and can create interest and spending

# MERIDEN TOD: REAL ESTATE MARKET FOR DEVELOPMENT SUMMARY



## Current state:

Inadequate housing for market rate MF demand  
Limited downtown retail  
Limited craft/artisan  
No co-working or flex office to match up and coming businesses

## How to Close the Gap?

Increase rail frequency  
Incentives for market rate MF units  
Target development community with market reconnaissance

## Closing the Gap

New Targeted housing  
Vibrant downtown retail  
Support institutions  
New businesses  
TOD environment